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FIG. 1A

I. ORIGINATION

APPLICATION: BORROWER

↓

ORIGINATOR

UNDERWRITING ANALYSIS
-INCOME VERIFICATION
-CREDIT HISTORY
-OTHER ASSETS
-DOWN PAYMENT

REJECT   ACCEPT_____INVESTORS:
                              PRICING/TERMS
                              -MONTHLY PAYMENT
        CLOSING   -AMORTIZATION PERIOD
                              -CAPPED MAXIMUM RETURN
                              -EARLY SALE CONDITIONS

INVESTOR - BORROWER: MORTGAGE PRINCIPAL $

BORROWER - INVESTOR: MORTGAGE
                       LOAN AGREEMENT
                       EQUITY PARTICIPATION CERTIFICATE

BORROWER - SELLER: DOWN PAYMENT $
                      MORTGAGE PRINCIPAL $

SELLER - BORROWER   TITLE

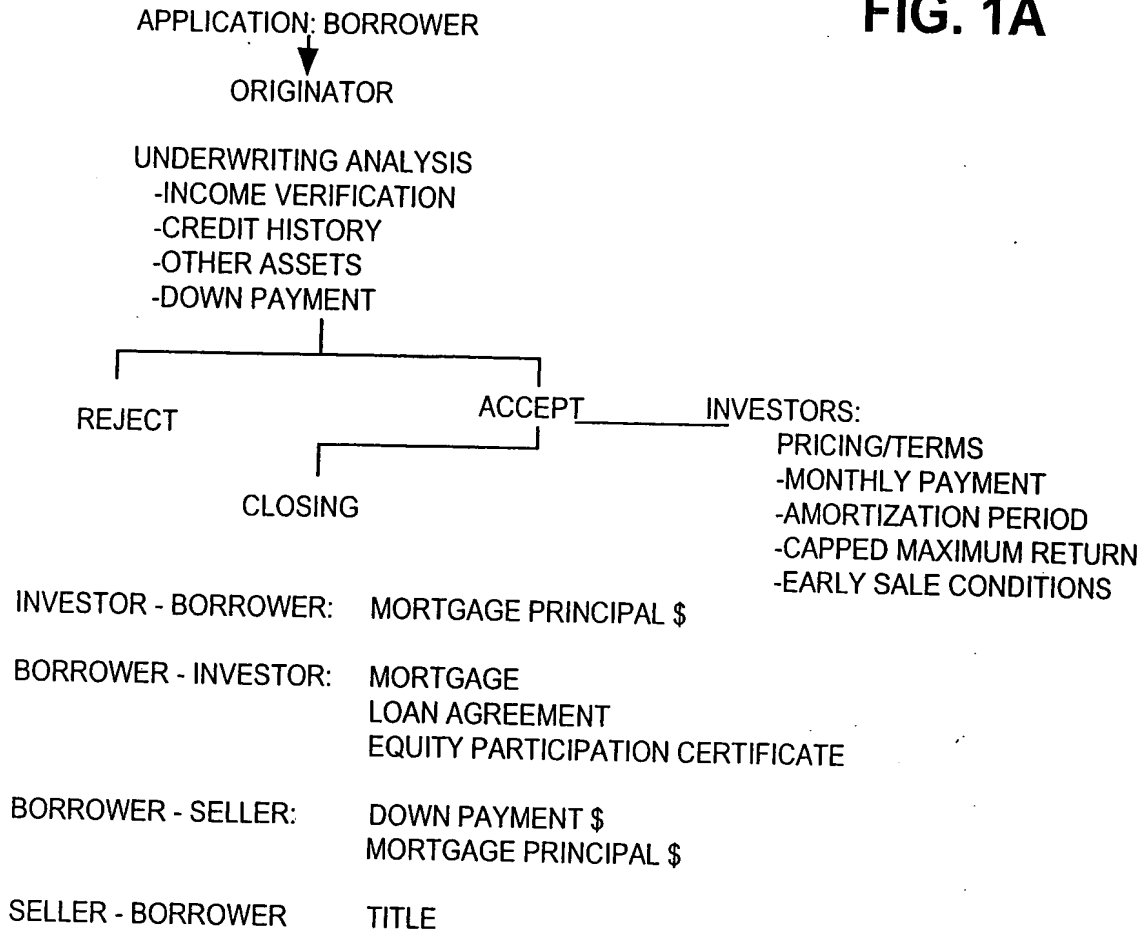## II. AMORTIZATION PERIOD - MONTHS 1 THROUGH N

PAYMENT(1)BORROWER→PERIODIC PRINCIPAL $--SERVICER_____INVESTOR
        REPAYMENT   -PROCESS
                     -CALCULATE AVG AMORT. PERIOD PRINCIPAL
                     (TOTAL MONTHLY PRINCIPAL OUTSTANDING
                     ÷#MONTHS SINCE ORIGINATION)

        SALE: i. DETERMINE REALIZED APPRECIATION
                    NET SALE PRICE - PURCHASE PRICE)
                 ii. CALCULATE MAXIMUM CAPPED ANNUAL RETURN
                    (E.G., AVG. AMORT. PERIOD INDEX %+___%)
                 iii. MULTIPLY (ii.) BY AVERAGE ANNUAL PRINCIPAL
                 iv. DIVIDE PROCEEDS
                    (E.G., IF X = [NET SALES RICE - PURCHASE PRICE - (iii.)] >0,
                    THEN BORROWER RETAINS X)

→FINAL PRINCIPAL PAYMENT $→SERVICER__$__INVESTOR
                     -PROCESS
                     -RECALCULATE AVG AMORTIZATION
                       PERIOD PRINCIPAL

PAYMENT (N)

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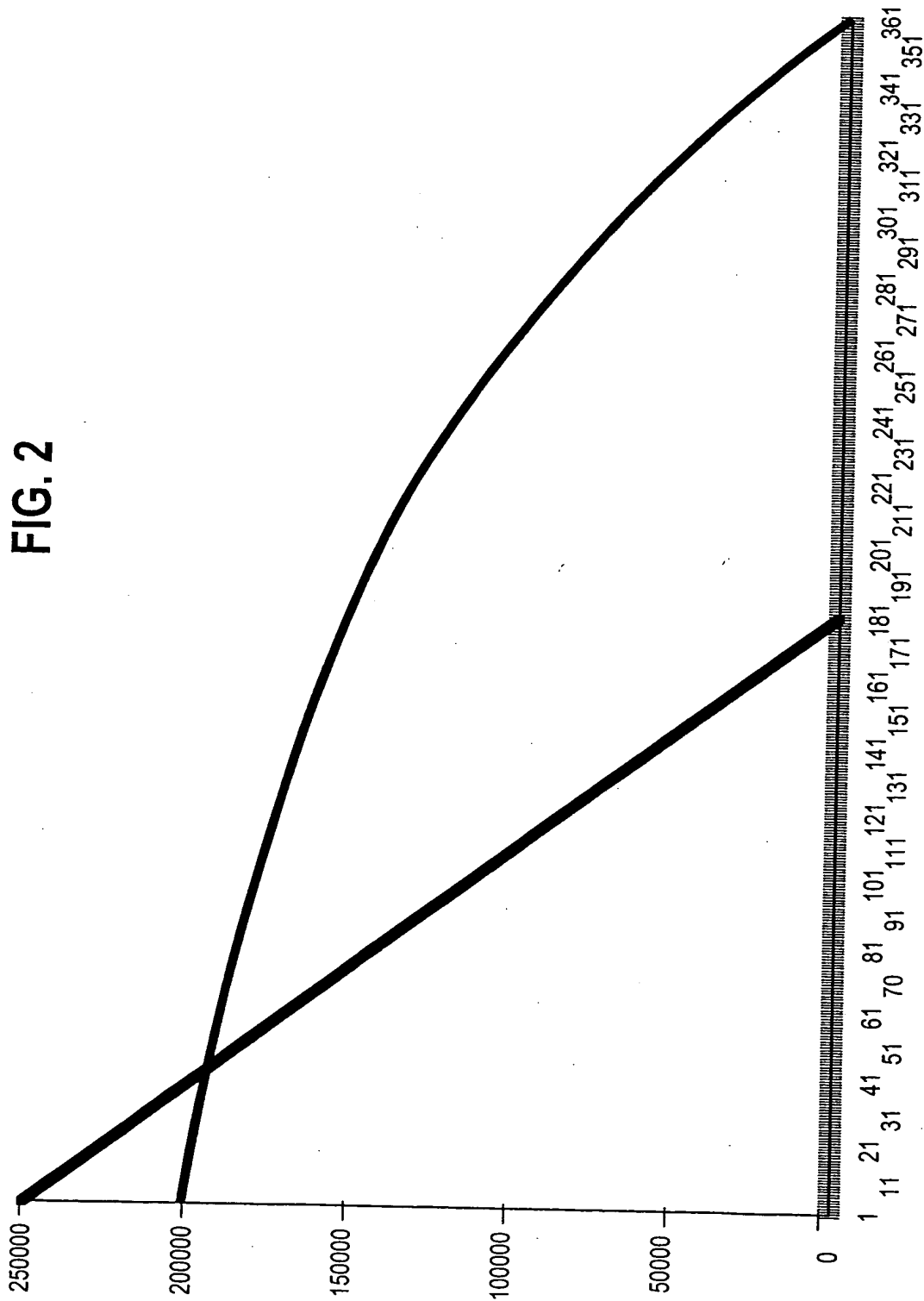FIG. 1B   Page 2 of 4

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FIG. 1B

III. POST AMORTIZATION PERIOD

SALE:
     i. DETERMINE REALIZED APPRECIATION
        NET SALE PRICE - PURCHASE PRICE)
     ii. CALCULATE MAXIMUM CAPPED ANNUAL RETURN
        (E.G., AVG. AMORT. PERIOD INDEX %+___%)
     iii. MULTIPLY (ii.) BY AVERAGE ANNUAL PRINCIPAL
     iv. DIVIDE PROCEEDS
        (E.G., IF X = [NET SALES RICE - PURCHASE PRICE - (iii.)] >0,
        THEN BORROWER RETAINS X)

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SYSTEM AND METHOD FOR
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FIG. 2

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FIG. 2

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FIG. 3

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FIG. 3